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ETHICS IN PROGRAM MANAGEMENT

Dr. Owen C. Gadeken

The defense acquisition community, as well as society at large, seems to continually experience highly visible ethics scandals. The common approach to instituting ethics taken by both corporations and government organizations is to introduce a set of rules or standards of conduct to prevent or control ethical lapses by employees, but these standards often fail to adequately cover all scenarios. While individuals come to an organization with a set of values developed over time, the most influential factor affecting their ethical behavior after they arrive is the way they are led.

It seems that every few years, the defense acquisition community is rocked by a highly visible ethics scandal. The latest involves Ms. Darleen Druyun, the senior Air Force procurement official who gave favorable treatment to a defense contractor on large defense programs and joined this same firm as a vice president soon after her retirement. Her tenure with the firm was short-lived when it was discovered that she began negotiating for her job before she retired (working through her daughter who also worked for this same company) and then tried—unsuccessfully—to cover it up. While we might be tempted to pass this off as a "one bad apple" example, it should be noted that up to that point in her career, Ms. Druyun had a distinguished record of public service and was very highly regarded by many senior defense officials.

Looking beyond the defense acquisition community, it seems that ethical scandals have risen to a new high and are appearing in all areas of our society. There is the Martha Stewart insider stock trading scandal, and a plethora of large corporate scandals involving companies like Enron, Tyco, and WorldCom. Troubling scandals have emerged from the heart of society: teachers providing answers on standardized tests to improve their schools' performance, a coach altering the star pitcher's birth certificate in the Little League World Series. Clearly, ethical behavior—or rather, lack of it—is an ongoing problem in society. In spite of good intentions, temptations

always exist to cut corners in order to achieve desired personal or professional outcomes.

The common approach to ethics taken by both corporations and government organizations is to institute a set of rules or standards of conduct to prevent or control ethical lapses by employees. These rules often become quite detailed in terms of specific actions and financial amounts; for example, in the government, rules govern the acceptance of transportation, meals, or gifts from government contractors. But in looking at the examples above, most ethics scandals go well beyond simple standards of conduct.

DEFINING ETHICS

A basic understand of ethics is necessary before further discussion. According to *Webster's Dictionary,* ethics is defined as a set of moral principles or values that govern the conduct of an individual or group. Values are important because they underlie the concept of ethics. To paraphrase *Webster's*, values are core beliefs that guide or motivate behavior. Ethics is best understood as how human values are translated into action.

In order to understand ethics, it must first be understand what individuals and organizations share as common values. Michael Josephson, who founded and runs a non-profit institute for advancement of ethics in society, differentiates between ethical and non-ethical values. Non-ethical values relate to personal desires such as wealth, fame, happiness, health, fulfillment, or personal freedom. Ethical values are directly related to our beliefs about what is right and wrong. Josephson identifies six core ethical values as his "Six Pillars of Character" (Josephson, 2002). They are:

1. Trustworthiness, to include honesty, integrity, reliability, and loyalty;

2. Respect, to include courtesy, dignity of the individual, and tolerance;

3. Responsibility, to include accountability, pursuit of excellence, and self-restraint;

4. Fairness, to include procedural fairness, impartiality, and equity;

5. Caring, to include a concern for others and how they will be affected by one's actions; and

6. Citizenship, to include civic virtues and duties (giving back to society).

VALUE CONFLICTS

Ethical issues or dilemmas are most often interpreted as value conflicts. When non-ethical values conflict with ethical values, the issue is clear-cut and the ethical values

should dictate the solution. This often translates into standards of conduct or even legal issues. For example, this conflict occurs when a corporate executive or senior government manager uses his or her official position for personal gain. Here, the senior official lets the desire for wealth—a non-ethical value—negate the entire set of ethical values listed above. (Beyond the values conflict, this behavior is also illegal, of course.) But these clearly discernible issues are only the tip of the ethical iceberg.

A more difficult values decision occurs in situations where ethical values conflict with each other. An example would be when a manager's concern (Caring) for a problem employee who is not meeting standards and may be terminated conflicts with obligations (Trustworthiness and Responsibility) to meet work-related deadlines. It can be quite difficult to make decisions in these situations, since any decision will negatively impact one or more of the core ethical values.

The two types of value conflicts are illustrated in Figure 1. In reality, program management is full of such value conflicts. These issues are faced on a weekly or even daily basis. The value conflicts are sometimes subtle and not fully apparent until one finds oneself in the midst of an ethical dilemma.

This happened to me on a research project I was managing shortly after I joined the Defense Acquisition University (DAU) faculty. We were in the middle of what I assumed would be a simple source selection of a contractor to design a new team exercise for one of our courses. The competitive field had narrowed to a very experienced company, who had done excellent work for us in the past, and a newly created small business. Our evaluation panel was prepared to select the experienced firm when the contracting officer informed us that the cost proposals, which we had not yet seen, were quite different. The small business proposed a fixed price that was less than half that of the experienced firm. Several members of the team remained convinced that the risk of employing the small business was too great. I found myself in an ethical dilemma. The core ethical value of Responsibility for delivering a quality product favored the experienced company, while the core value of Fairness argued for selecting the small business, since they had met the minimum criteria spelled out in the proposal. Either choice would at least partially negate one of the core ethical values. I finally convinced the evaluation team that we must
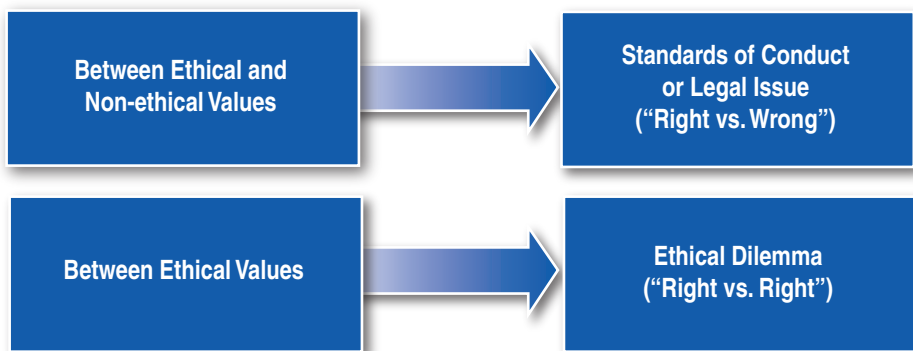

FIGURE 1. TWO TYPES OF VALUE CONFLICTS

select the small business, as we had put them in our competitive range, and therefore technically should be able to do the work with acceptable risk. The small business got the contract, struggled a bit, but did deliver a useable product. The lesson learned from this story is that a little planning (e.g., more carefully selected evaluation criteria for a "best value" approach) can go a long way in helping to avoid value conflicts and ethical dilemmas down the road.

THE INFLUENCE OF INFORMATION AND FUNDING

In program management, ethical dilemmas often center on two important program variables that every program manager strives to control: information and funding. These are important assets to achieve program success, but they can also be manipulated to achieve other ends. No matter the program or its priority, funding always seems to be less than what's needed to do the full job. This leads to constant squabbles between programs and organizations in an effort to stretch the funding to do the most good for the most programs. Opportunities exist at all levels to apply the funding inappropriately based on personal agendas rather than service priorities and mission needs.

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Since government program offices do not actually build anything themselves, it can be said that their most important product is the information that allows selected industry partners to do the hands-on work. Program offices strive to have the best and most current information on all aspects of their programs, but this information can also be manipulated to achieve other outcomes. Some program managers can get caught up in thinking that their career success is directly related to their programs' success. Instead of reporting program status with complete objectivity, they begin to slant the story to accentuate the positive and slight or hide the negative. For example, in the Navy's A-12 stealth fighter program, such behavior escalated into hiding the program's poor cost performance and potential for a large cost overrun. When the full story came to light, then Secretary of Defense Dick Cheney fired the entire Navy chain of command, from the program manager up to the three-star admiral, for their lack of integrity in reporting the true program status.

It should be clear by now that current standards of conduct are simply not enough to counter the tremendous pressures in systems acquisition to cut corners for personal, professional, or programmatic gains, a reality expressed by the axiom that "you can't legislate morality." While consideration should be given to beefing up the standards, other approaches should also be considered.

THE LEADERSHIP SOLUTION

As stated earlier, ethics in any organization are determined by the common values shared by its members. While individuals come to an organization with a set of values developed over time, the most influential factor affecting their ethical behavior after they arrive is the way they are led. Leadership is what determines the organizational climate or culture, and it has a major impact on the way all the organization's members do their work.

One of the most important tasks of any leader is to create an environment where ethical behavior and decision-making are common, accepted practices. This can be achieved through alignment of the personal ethical values of the individual employees with those of the organization. The leader can develop this organizational climate by:

Leadership

Organization's Credibility and Results

Decisions and Actions of Leaders, Managers, and Employees

Hiring Process | Organizational Policies | Training and Support Systems

Personal Ethical Values of Employees

Core Ethical Values

Organizational Culture

FIGURE 2. CONCEPT OF ETHICAL CONGRUENCE

1. Clarifying the organization's core ethical values so all employees know what is expected of them;

2. Making values alignment a key part of the hiring decision for new employees;

3. Developing policies so employees know how to deal with foreseeable ethical issues; and

4. Providing training and support systems to help employees move to build a more ethical organization.

Taking these steps will increase the degree of ethical alignment or congruence in the organization. Organizations with high ethical congruence "walk their talk," meaning their day-to-day behavior matches their stated values. The concept of ethical congruence is displayed in the pyramid diagram in Figure 2.

CONCLUSION

Ethics in program management are much more than a set of rules. Rules alone can never be adequate to cover all the situations in which ethical dilemmas may arise. Furthermore, those in authority cannot force ethics programs on employees; that works only as long as someone is looking over their shoulders.

The best approach to ethics relies on the organization's leaders to create a positive culture that encourages ethical behavior at all levels. The success of this approach is dependent on the ability of the leader to influence the entire organization to adopt a common set of ethical values and behaviors, and leaders must model these values and behaviors in everything they do, or employees will quickly see through them. Effective leaders exhibit a strong sense of personal integrity and credibility, which acts as a beacon to the organization as it moves toward an uncertain future. In the words of one experienced DoD program manager, "Credibility. It's all really that we have as an attribute that we can bring to our position. We need to go to great lengths, all of us in this business, to maintain our credibility, even when it hurts" (Source #1, personal communication, 12/5/97).

While it may hurt to admit a mistake or reveal a problem in a program, it's worth remembering that losing credibility hurts a lot more. Just ask Darleen Druyun.

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